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VIRGINIA BUSINESS REPORT

BUREAU OF BUSINESS RESEARCH, SCHOOL OF BUSINESS ADMINISTRATION
THE COLLEGE OF WILLIAM AND MARY, WILLIAMSBURG, VIRGINIA

Report No. 346 August, 1989

Business in Virginia July, 1989

Each month our Bureau reports the percentage changes for nine economic indicators. Seven of these—our "early" indicators—show the changes for the preceding month, while two refer to the month before last.

For July, the statewide totals for six of the seven current economic indicators displayed a decrease compared to July 1988. The only gainer was electricity consumed, up 6.1%. The declining series were Bank Debits, off 13.5%; Building Permits, also down 13.5%; Newspaper Advertising Linage, -0.9%; New Car Registrations, continuing their slide with a decline of 10.3%; Water Consumed, falling 5.5%; and sales per store by our sample of retailers, dropping 2.6%.

In both May and June, five of the seven decreased, so we now have three consecutive months in which a majority of the seven early indicators have fallen. Furthermore, the recent declines have been strong enough to pull the cumulative year-to-date changes into the red for most series.

For March and April, four of the seven posted cumulative gains; in May the number was three; in June, it fell to two; and for July, only one, as shown in Table III. Thus the cumulative 1989 changes as well as the individual monthly changes for a majority of the seven early series have been negative for the past three months. That is conclusive evidence of a decrease in demand for a broad range of goods and services in Virginia. In that setting, lower increases in payroll employment are inevitable this fall, bringing in turn less real growth in household income.

Through June, one of our two lagged indicators displayed remarkable strength—nonagricultural employment, which stood 4.1% higher this June than last. Our other lagged indicator, Total Retail Sales measured by Department of Taxation receipts, jumped a surprising 13.7% in June. Remember though May sales were down 0.7%, so some late reporting probably produced at least part of the June jump. For January through June, Total Retail Sales increased 6.4%, about a half percentage point below expectations. We look for the same to somewhat lower retail sales growth for the second half of 1989. RLP

FUTURE JOBS FOR VIRGINIANS, PART II

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Research Assistant

Perhaps the most obvious conclusion from Part I of this report on occupational projections for Virginia was that continued overall job growth for the state will be broadly dispersed among occupations. In addition, our relative prosperity became evident when Virginia

Chart I

Nine Selected Business & Economic Indicators Percentage Change

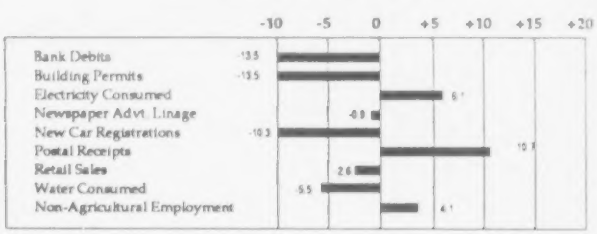
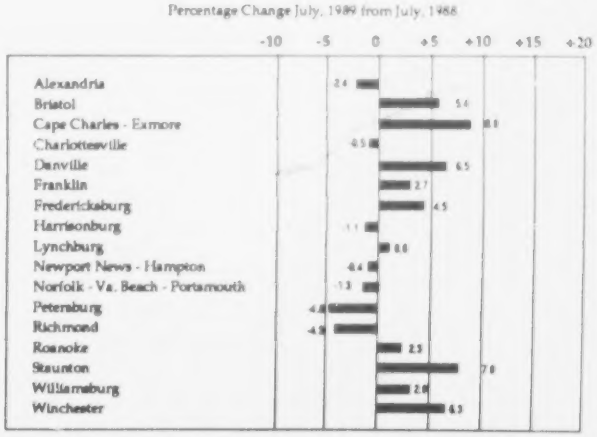


Chart II

City Indices



SELECTED BUSINESS AND ECONOMIC INDICATORS FOR 17 CITIES

TABLE I July, 1989

Monthly Index Number Comparisons of Current Month to Same Month in Base Period (1977) - Base Period = 100

CITY	CITY INDEX*	BANK DEBITS	BUILDING PERMITS	ELECTRICITY CONSUMED	NEWS-PAPER ADV. LINAGE	NEW CAR REGIS-TRATIONS	JUNE NON AGRI-CULTURAL EMPLOYMENT #	WATER CONSUMED	SAMPLE RETAIL SALES †	POSTAL RECEIPTS
The State		319.1	219.5	188.1	90.1	177.2	152.8	87.5	168.2	463.2
Alexandria	153.2	589.2	1326.9	221.1	N.A.	147.4	214.8	99.7	123.2	N.A.
Bristol	110.8	N.A.	57.5	103.4	67.3	107.9	120.8	110.2	124.3	300.6
Cape Charles - Exmore	189.8	N.A.	1311.0	183.0	N.A.	105.7	N.A.	N.A.	129.4	207.6
Charlottesville	197.0	131.2	285.5	165.5	N.A.	140.1	113.4	137.0	239.6	356.5
Danville	149.2	N.A.	530.4	137.2	N.A.	109.4	106.9	93.2	N.A.	260.5
Franklin	144.4	N.A.	118.1	149.5	103.3	131.2	N.A.	105.9	114.4	290.7
Fredericksburg	407.5	231.7	256.7	N.A.	N.A.	217.9	N.A.	107.3	226.3	1858.5
Harrisonburg	190.1	N.A.	273.6	N.A.	132.5	108.6	N.A.	152.3	153.2	314.1
Lynchburg	266.9	421.2	156.7	137.6	N.A.	106.4	102.4	130.5	189.4	1366.9
Newport News - Hampton	127.6	N.A.	225.4	163.5	99.8 ⊃	98.7	147.5 ⊃	N.A.	155.1	N.A.
Norfolk - Va. Beach - Portsmouth	182.8	235.4	193.1	206.5		122.2		97.8	211.5	N.A.
Petersburg	144.1	115.0	145.1	N.A.	N.A.	76.3	139.1 ⊃	121.0	122.2	279.7
Richmond	165.9	362.0	439.0	207.7	103.8	130.6		125.6	146.6	368.0
Roanoke	180.7	367.2	33.0	126.9	124.5	84.6	127.4	117.4	184.0	456.8
Staunton	161.8	141.6	287.9	N.A.	79.3	109.4	N.A.	N.A.	178.8	238.7
Williamsburg	194.0	197.2	200.5	229.7	N.A.	175.4	N.A.	134.5	134.9	428.2
Winchester	190.9	406.8	379.1	141.3	222.2	175.2	N.A.	N.A.	N.A.	N.A.

TABLE II July, 1989

Percentage Change from Same Month Last Year

CITY	CITY INDEX*	BANK DEBITS	BUILDING PERMITS	ELECTRICITY CONSUMED	NEWS-PAPER ADV. LINAGE	NEW CAR REGIS-TRATIONS	JUNE NON AGRI-CULTURAL EMPLOYMENT #	WATER CONSUMED	SAMPLE RETAIL SALES †	JUNE TOTAL RETAIL SALES ‡
The State		-13.5	-13.5	6.1	-0.9	-10.3	4.1	-5.5	2.6	-13.7
Alexandria	-2.4	9.8	91.9	4.2	N.A.	-16.5	6.3	-12.2	5.3	14.6
Bristol	1.0	N.A.	-39.3	5.5	11.1	-13.2	2.5	-20.2	0.9	20.1
Cape Charles - Exmore	8.9	N.A.	172.5	16.3	N.A.	3.2	N.A.	0.9	-0.4	43.0
Charlottesville	-0.5	-25.6	310.9	0.9	N.A.	1.0	2.3	-6.7	3.5	9.0
Danville	6.5	N.A.	329.3	7.8	N.A.	0.3	3.4	8.0	N.A.	13.0
Franklin	2.7	N.A.	-33.1	8.9	8.6	3.9	N.A.	-8.6	0.2	9.3
Fredericksburg	4.5	4.3	-75.1	N.A.	N.A.	-15.2	N.A.	6.9	5.5	19.0
Harrisonburg	-1.1	N.A.	-29.0	N.A.	1.2	-6.5	N.A.	-0.2	-3.9	9.5
Lynchburg	0.6	8.5	-17.9	3.0	N.A.	-11.7	3.4	-1.6	-1.8	17.0
Newport News - Hampton	-0.4	N.A.	16.6	7.9	0.1 ⊃	-11.0	1.0 ⊃	N.A.	-5.4	15.9
Norfolk - Va. Beach - Portsmouth	-1.3	-46.8	-48.4	9.1		-9.0		-2.2	-8.1	13.5
Petersburg	-4.8	37.0	-28.4	N.A.	N.A.	-16.8	3.3 ⊃	1.1	-11.7	14.2
Richmond	-4.3	-8.1	349.9	7.4	-3.5	-22.2		-11.7	7.6	10.4
Roanoke	2.3	0.4	-82.9	3.6	-5.7	-13.9	1.1	-8.3	-9.6	14.7
Staunton	7.9	-3.7	7.5	N.A.	-8.7	-4.4	N.A.	N.A.	-16.4	11.5
Williamsburg	2.9	17.7	-31.2	8.5	N.A.	-11.2	N.A.	1.1	0.9	19.2
Winchester	6.3	2.4	70.5	-1.8	5.5	8.0	N.A.	N.A.	N.A.	13.5

TABLE III

Percentage Change January - July from Same Period Last Year

CITY	CITY INDEX*	BANK DEBITS	BUILDING PERMITS	ELECTRICITY CONSUMED	NEWS-PAPER ADV. LINAGE	NEW CAR REGIS-TRATIONS	JAN. - JUNE NON AGRI-CULTURAL EMPLOYMENT #	WATER CONSUMED	SAMPLE RETAIL SALES †	JAN. - JUNE TOTAL RETAIL SALES ‡
The State		-10.6	-7.9	4.4	-1.9	-9.8	4.1	-0.1	-0.5	6.4
Alexandria	-2.3	8.4	15.9	4.8	N.A.	-7.4	5.1	-2.3	8.3	6.3
Bristol	0.6	N.A.	-11.1	1.9	1.9	-7.3	3.2	-13.5	3.2	10.0
Cape Charles - Exmore	-0.9	N.A.	51.5	7.4	N.A.	-15.3	N.A.	N.A.	3.4	12.8
Charlottesville	-1.0	-23.5	-33.2	4.6	N.A.	-31.2	0.7	4.7	3.1	4.3
Danville	1.5	N.A.	78.7	5.9	N.A.	-4.9	3.4	1.0	N.A.	1.9
Franklin	-0.1	N.A.	-49.6	4.9	-0.6	1.7	N.A.	-3.1	2.0	2.1
Fredericksburg	7.9	18.3	-32.7	N.A.	N.A.	-5.8	N.A.	14.8	10.2	7.7
Harrisonburg	2.5	N.A.	44.6	N.A.	-2.2	-9.5	N.A.	1.2	7.4	5.6
Lynchburg	0.2	6.4	40.9	3.0	N.A.	-14.9	1.9	5.5	0.2	5.1
Newport News - Hampton	-0.5	N.A.	-15.8	5.0	N.A. ⊃	-12.4	0.9 ⊃	N.A.	-1.8	9.1
Norfolk - Va. Beach - Portsmouth	-0.9	-27.4	-15.5	2.5		-5.1		N.A.	-3.2	4.9
Petersburg	-7.1	-25.6	-37.4	N.A.	N.A.	-26.8	2.6 ⊃	4.7	-13.9	11.5
Richmond	-2.0	-9.6	26.2	4.8	-2.3	-19.9		-2.6	-0.6	0.9
Roanoke	1.2	6.1	20.8	4.1	-3.8	-5.8	1.3	-1.2	4.1	4.0
Staunton	6.7	19.0	80.2	N.A.	-0.9	-12.1	N.A.	N.A.	14.2	10.4
Williamsburg	5.3	16.2	-43.9	16.7	N.A.	-2.4	N.A.	4.4	3.2	8.7
Winchester	3.6	6.6	81.0	3.6	4.3	-3.0	N.A.	N.A.	N.A.	9.5

* Computation of City Index is based upon a weighted arithmetic mean of all business and economic components listed except Building Permits and Bank Debits, which are excluded because of their highly erratic nature.
# Virginia Employment Commission data which lags behind current reports.
† Preliminary data based on a survey sample.
‡ Total sales based on sales tax information which lags behind current reports.
⊃ Only total MSA data are available for these areas.

N.A. – Not Available
0.0. – No Change

FUTURE JOBS FOR VIRGINIANS,CONT'D.

forecasts were compared with the projected national growth rates for major occupational groups. Most of the state's MSAs show projected occupational growth rates above the national average as well. Not surprisingly, certain occupational groups such as service workers and certain specific occupations, particularly in computer-related fields, lead the field in terms of projected growth rates. However Virginia's growth is not dependent upon just these groups.

As indicated in the previous article, the occupational statistics analyzed here were derived by the Virginia Employment Commission using projection techniques developed by the Department of Labor. A more detailed explanation can be found in the Virginia Employment Commission's publication, Virginia's Occupational Employment Projections 1990.

In this half of the report, the focus will be the Northern Virginia MSA as compared with the rest of the state. To many Virginians, Northern Virginia appears to be an entity unto itself. While for many this assumption is based as much on Beltway rush hour traffic as any other single observation, most probably feel the uniqueness applies to the subject of occupational projections as well.

As defined by the state, the Northern Virginia MSA includes the cities of Alexandria, Fairfax, Falls Church, Manassas and Manassas Park. It also includes the counties of Arlington, Fairfax, Loudoun, Prince William, and Stafford. This area, in close proximity to the District of Columbia, has experienced an economic boom since the early 1970's that draws much of its strength from Federal contracts and jobs. The D.C. proximity also creates a different labor base and occupational range than found in most of the rest of the MSAs in the Commonwealth.

Northern Virginia is predicted to continue leading the state in terms of the overall rate of job growth, up 34.9% cumulatively for the period 1984-1995. When compared with the Commonwealth's projected growth rates for the same period, this area will continue to experience above-average growth rates in every occupational group except for that of service workers. Richmond, with a projected wage and salary employment growth of 30.8%, is the only other MSA above the state's predicted total of 29.0%. Charlottesville (with a projected growth of 28.3%); Roanoke (with a rise of 25.9%); Norfolk (with an increase of 23.4%), Lynchburg (with a gain of 20.7%) and Danville (up 2.2%) all are projected to grow more slowly than the State's overall job growth rate.

Because Northern Virginia contains a high proportion of the state's workers in certain occupational groups, and because of its high projected growth rates for all nine occupational groups, it may be expected to have an obvious impact on the projected percent changes for those groups in the state as a whole. Conversely, when the Northern Virginia MSA is excluded from the data analysis some important changes might be expected. However, the change in overall growth rates is not as large as most would probably expect—when Northern Virginia is excluded the total growth rate for the remainder of Virginia drops only two percentage points from 29.0% to 27.0%.

The differences are substantially larger for some of the occupational groups. For professional workers, where Northern Virginia already has an above-average share, omitting Northern Virginia's predicted jump of 41.3% lowers the residual growth rate for the rest of Virginia by three percentage points to 32.4%. However, most of the specific occupational groups whose growth rates are significantly lower when Northern Virginia is excluded are not the same occupational groups that are concentrated in that region. The occupational groups most affected are the craft workers, whose growth rate drops 3.1 percentage points to 20.8%; laborers, whose growth rate also falls 3.1 percentage points, to 17.3%; and farmers/farm workers, where the rate swings from plus 4.2% to a slightly negative -.9%. Service workers are the only occupational group predicted to have a substantially higher growth rate when Northern Virginia is excluded—the service growth rises to 48.1%. Chart II on page 4 shows the Virginia growth rates with and without the Northern Virginia MSA.

Perhaps what is even more surprising when the Northern Virginia MSA is not included in the analysis is the fact that the growth rates for some occupational groups remain virtually the same. Despite the fact that 31% of the State's managerial workers are located in the Northern Virginia MSA, when that MSA is excluded from analysis the projected growth rate of the managerial occupational group only drops by 1.1%. When the projected growth rates for sales workers and clerical workers are analyzed without the Northern Virginia MSA, they only drop by 1.1% and 1.5%, respectively. These small changes reflect the expectation that the demand gains for these occupations will be relatively evenly dispersed across the Commonwealth.

Statewide the two categories that contain the largest proportion of persons with post-secondary or college education are expected to increase at rates faster than the projected gain for total Virginia employment. Professional/technical workers and managerial workers, with growth rates of 35.4% and 30.8%, will also experience increases exceeding the national growth rates for these occupational groups. When combined, these two categories by 1995 will account for 28.4% of total employment (859,914 positions) in Virginia, up from 27.4% (642,353 positions) in 1984.

In the Northern Virginia MSA where there already is a significant concentration of these types of jobs, the increases are expected to be 41.3% and 33.3%, respectively. That means from 1984 through 1995, 39% of Virginia's projected growth for professional/technical workers, and 33% for managerial workers, will be in the

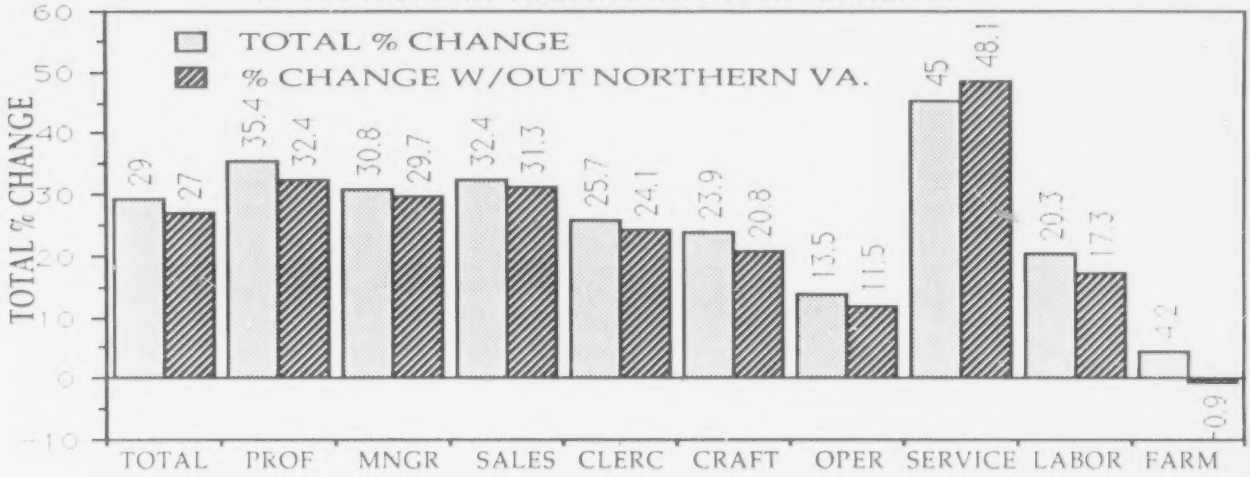
Northern Virginia MSA.

The two occupational groups that lead in all but two of the MSAs in terms of projected growth rates are the sales workers and the service workers. In the Danville MSA, they follow only the professional workers occupational group in terms of projected percentage increase. It is only in the Northern Virginia MSA that sales workers are not one of the top three occupational groups in terms of projected growth (ties for fourth in that MSA).

In sum, the 1984-1995 occupational employment projections for Virginia uphold the commonly-held perception of the Commonwealth as a state that is both growing and developing. The projected growth rates for Northern Virginia indicate the continued importance of that MSA in Virginia's expansion. However, the Virginia growth rates excluding Northern Virginia are predicted to be quite close to the all-inclusive rates, in total and for most occupational groups.

Furthermore, the trends toward a more computerized and service-oriented economy that are being observed all over the nation are also apparent in Virginia. But these changes are not unanticipated, and from all indications Virginians will adapt to them, just as we have done in the past. CHG

CHART III PROJECTED % CHANGES 1984-1995 FOR VIRGINIA AS A WHOLE VERSUS VIRGINIA EXCLUDING THE NORTHERN VA. MSA



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